WIRECARD ASIA HOLDING PTE. LTD.

Registration Number: 201429281D

FINANCIAL STATEMENTS

Year ended 31 December 2017

WIRECARD ASIA HOLDING PTE. LTD.
(Registration No: 201429281D)

Statement by Director and Financial Statements

Year Ended 31 December 2017

Statement by Directors and Financial Statements

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Statement by Directors

The directors of the company are pleased to present the financial statements of the company for the reporting year ended 31 December 2017.

1. Opinion of the directors

In the opinion of the directors,

(a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the reporting year covered by the financial statements; and

(b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Ng Fook Sun
Jan Marsalek
Edo Kurniawan
Haeuser Axtner Brigitte

3. Directors' interests in shares and debentures

The directors of the company holding office at the end of the reporting year were not interested in shares in or debentures of the company as recorded in the register of directors' shareholdings kept by the company under section 164 of the Companies Act, Chapter 50 (the "Act").

4. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of the reporting year nor at any time during the reporting year did there subsist arrangements to which the company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the company to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

5. Options

During the reporting year, no option to take up unissued shares of the company was granted.

During the reporting year, there were no shares issued by virtue of the exercise of an option to take up unissued shares.

At the end of the reporting year, there were no unissued shares under option.

1. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

....………....
Ng Fook Sun
Director

....………....
Edo Kurniawan
Director

31 December 2018

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Wirecard Asia Holding Pte. Ltd., which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and the Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the company as at 31 December 2017 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Goh Swee Hong.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

31 December 2018

Statement of Profit or Loss and Other Comprehensive Income
Year Ended 31 December 2017

	Notes	2017 $	2016 $
Revenue	4	127,168,612	4,155,437
Other income		242,551	20,704
Interest income	5	817,313	–
Other gains	6	1,870,395	84,245
Employee benefits expense	7	(7,385,874)	(5,024,989)
Depreciation and amortisation expense		(1,823,257)	(208,062)
Finance cost	8	(3,903,897)	–
Other losses	6	(4,008,300)	(1,629)
Interchange, network and transition services fee		(114,567,981)	–
Other operating expenses		(12,595,691)	(3,567,244)
Loss before tax from continuing operations		(14,186,129)	(4,541,538)
Income tax expense	9	(338,705)	–
Loss from continuing operations, net of tax and total comprehensive loss		(14,524,834)	(4,541,538)

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position
As at 31 December 2017

	Notes	2017 $	2016 $
ASSETS			
Non-current assets			
Plant and equipment	10	3,078,392	459,725
Intangible assets	11	142,477,863	–
Other non-financial assets, non-current	13	29,918,671	–
Total non-current assets		175,474,926	459,725
Current assets			
Trade and other receivables	12	27,111,178	2,430,809
Other non-financial assets, current	13	4,276,958	–
Prepayments		24,620	4,811
Cash and cash equivalents	14	2,361,319	104,239
Total current assets		33,774,075	2,539,859
Total assets		209,249,001	2,999,584
EQUITY AND LIABILITIES			
Equity			
Share capital	15	69,989,790	4,777,420
Accumulated losses		(21,445,799)	(6,920,965)
Total equity		48,543,991	(2,143,545)
Non-current liabilities			
Deferred tax liabilities	9	4,921,730	–
Other liabilities, non-current	17	60,442,558	–
Total non-current liabilities		65,364,288	–
Current liabilities			
Trade and other payables	16	69,763,267	5,143,129
Other liabilities, current	17	25,577,455	–
Total current liabilities		95,340,722	5,143,129
Total liabilities		160,705,010	5,143,129
Total equity and liabilities		209,249,001	2,999,584

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity
Year Ended 31 December 2017

	Total Equity $	Share Capital $	Accumulated losses $
Current year:			
Opening balance at 1 January 2017	(2,143,545)	4,777,420	(6,920,965)
Changes in equity:			
Total comprehensive loss for the year	(14,524,834)	–	(14,524,834)
Issue of share capital (Note 15)	65,212,370	65,212,370	–
Closing balance at 31 December 2017	48,543,991	69,989,790	(21,445,799)
Previous year:			
Opening balance at 1 January 2016	840,573	3,220,000	(2,379,427)
Changes in equity:			
Total comprehensive loss for the year	(4,541,538)	–	(4,541,538)
Issue of share capital (Note 15)	1,557,420	1,557,420	–
Closing balance at 31 December 2016	(2,143,545)	4,777,420	(6,920,965)

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows
Year Ended 31 December 2017

	2017 $	2016 $
Cash flows from operating activities		
Loss before tax	(14,186,129)	(4,541,538)
Adjustments for:		
Depreciation of plant and equipment and amortisation of intangible asset	1,823,257	208,062
Gain on disposal of plant and equipment	–	(84,245)
Amortisation charged to revenue	(3,125,230)	–
Amortisation charged to interchange, network and transition services fee	(762,817)	–
Reversal of rebranding cost	(120,250)	–
Fair value of contingent consideration arising from acquisition of business operation	4,008,300	–
Interest income	(817,313)	–
Interest expense	3,903,897	–
Operating cash flows before changes in working capital	(9,276,285)	(4,417,721)
Trade and other receivables	(16,777,270)	(1,087,764)
Prepayments	(19,809)	61,041
Trade and other payables	7,917,686	1,125,252
Net cash flows used in operations	(18,155,678)	(4,319,192)
Income tax paid	(28,200)	–
Net cash flows used in operating activities	(18,183,878)	(4,319,192)
Cash flows from investing activities		
Disposal of plant and equipment	–	88,993
Purchase of plant and equipment	(1,924,544)	(286,007)
Purchase of intangible assets	(823,555)	–
Net cash outflow from acquisition of business operation (Note 21)	(98,573,989)	–
Interest received	1,656	–
Net cash flows used in investing activities	(101,320,432)	(197,014)
Cash flows from financing activities		
Issues of shares	65,212,370	1,557,420
Amount due to immediate and ultimate parent company	55,509,880	3,179,034
Net movement in amount due from related companies	1,039,140	(399,518)
Net cash flows from financing activities	121,761,390	4,336,936
Net increase/(decrease) in cash and cash equivalents	2,257,080	(179,270)
Cash and cash equivalents, cash flow statement, beginning balance	104,239	283,509
Cash and cash equivalents, cash flow statement, ending balance (Note 14)	2,361,319	104,239

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements
31 December 2017

1. General

The company is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars.

The board of directors approved and authorised these financial statements for issue on the date of the statement by directors.

The principal activities of the company are the managing and supplying data processing and information system; and provision of consulting, marketing and business support services to its related companies.

The registered office is: 80 Pasir Panjang Road #14-81 Mapletree Business City Singapore 117372.

Accounting convention

The financial statements of the company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the reporting year arising from the course of the activities of the entity and it is shown net of any related sales taxes and rebates. Revenue from transaction processing income is recognised when the transaction services has been processed and rendered. Revenue from provision of consulting, marketing and business support services to its affiliates is recognised as and when the services are rendered. Interest income or expense is recognised using the effective interest method.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Foreign currency transactions

The functional currency is the Singapore dollar ("$") as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

Income tax

The income taxes are accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the reporting year in respect of current tax and deferred tax. Current and deferred income taxes are recognised as income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each end of the reporting year and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Income tax (cont'd)

A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight-line method to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Plant and equipment – 3 to 10 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and any accumulated impairment losses. An intangible asset with an indefinite useful life is not amortised. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Customer Relationship	–	20 years
Software and platform development cost	–	5 years

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible assets (cont'd)

Development costs are typically internally generated intangible assets. Costs incurred in relation to individual projects are capitalised only when the future economic benefit of the project is probable and the following main conditions are met: (i) the development costs can be measured reliably, (ii) the technical feasibility of the product has been ascertained and (iii) therefore it is the intention of management to complete the intangible asset and use or sell it.

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting. The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received except for any costs to issue debt or equity securities are recognised in accordance with FRS 32 and FRS 39. As of the acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition-date fair values as defined in and that meet the conditions for recognition under FRS 103. If there is gain on bargain purchase, for the gain on bargain purchase a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred which generally requires acquisition-date fair value; (ii) the amount of any non-controlling interest in the acquiree measured in accordance with FRS 103 (measured either at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets); and (iii) in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with this FRS 103.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill and also any intangible asset with an indefinite useful life or any intangible asset not yet available for use are tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Goodwill (cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. The recoverable amount of a business segment to which goodwill was assigned – because it is the business segments that represent the cash-generating units at the level at which the goodwill is monitored – is determined on the basis of estimates by management.

Leases

Leases are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Financial assets are derecognised when rights to receive cash flows from financial assets have expired or have been transferred and the company has substantially transfer risks and rewards of ownership and control. On the de-recognition of financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year, there were no financial assets classified in this category.

2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically, the trade and other receivables are classified in this category.

3. Held-to-maturity financial assets*:* As at end of the reporting year, there were no financial assets classified in this category.

4. Available-for-sale financial assets*:* As at end of the reporting year, there were no financial assets classified in this category.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: As at end of the reporting year, there were no financial liabilities classified in this category.

2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Assessment of impairment of goodwill:
An assessment is made annually whether goodwill has suffered any impairment loss. The assessment process is complex and highly judgmental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in identifying the cash generating units ("CGU") and the use of estimates as disclosed in Note 11A. Actual outcomes could vary from these estimates.

2. Significant accounting policies and other explanatory information (cont'd)

2B. Critical judgements, assumptions and estimation uncertainties (cont'd)

Valuation of intangible assets:
An assessment is made of the carrying value of identifiable intangible assets annually, or more frequently if events or changes in circumstances indicate that such carrying value may not be recoverable. Factors that trigger an impairment review include underperformance relative to historical or projected future results, significant changes in the manner of the use of the acquired assets or the strategy for the overall business and significant negative industry or economic trends. The most significant variables in determining cash flows are discount rates, terminal values, the number of years on which to base the cash flow projections, as well as the assumptions and estimates used to determine the cash inflows and outflows. Amounts estimated could differ materially from what will actually occur in the future. The carrying amount of the intangible assets at the end of the reporting year affected by the assumption is $47,697,500.

Allowance for doubtful trade accounts:
An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the receivables to make required payments. If the financial conditions of the receivables were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. To the extent that it is feasible impairment and uncollectibility is determined individually for each item. In cases where that process is not feasible, a collective evaluation of impairment is performed. At the end of the reporting year, the account receivables carrying amount approximates the fair value and the carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note on trade and other receivables.

Plant and equipment:
An assessment is made for the reporting year whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash-generating units if applicable is measured based on the fair value less costs of disposal or value in use calculations. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected. The carrying amount of the assets at the end of the reporting year affected by the assumption is $3,078,392.

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3. **Related party relationships and transactions (cont'd)**

3A. Member of a group:

Name	Relationship	Country of incorporation
Wirecard AG	Ultimate parent company	Germany
Wirecard Sales International Holding GmbH	Immediate parent company	Germany

Related companies in these financial statements include the members of the above group of companies. Associates also include those that are associates of members of the above group.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and members of the group and the effects of these on the basis determined between the parties are reflected in these financial statements. The intercompany balances are unsecured without fixed repayment terms and interest unless stated otherwise. For any non-current balances and financial guarantees no interest or charge is imposed unless stated otherwise.

Significant related party transactions:

In addition to transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following: -

	Ultimate parent company	
	2017	2016
	$	$
Service income	98,684	–
Recharge of legal and professional fees	(4,183,139)	–
Others	(4,544)	–

	Immediate parent company	
	2017	2016
	$	$
Subcontracting services	(24,523)	–
Interest expense	(121,195)	–
Others	(56,704)	–

	Related companies	
	2017	2016
	$	$
Service income	3,105,562	4,155,437
Professional fees paid to a related party	–	(36,000)
Subcontracting services	(2,849,328)	(423,139)
Travelling expenses	(43,207)	(114,828)
Legal and professional fees	–	(16,871)
Staff cost	(98,260)	–
Interest expense	(108,338)	–
Others	(25,325)	–

3. Related party relationships and transactions (cont'd)

3C Key management compensation:

	2017	2016
	$	$
Salaries and other short-term employee benefits	1,086,893	464,556

The above amounts are included under employee benefits expense. Included in the above amounts are following items:

	2017	2016
	$	$
Remuneration of directors of the company	1,086,893	464,556

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. The above amounts for key management compensation is for directors and other key management personnel.

3D. Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	Ultimate parent company	
	2017	2016
	$	$
Other receivables/(payables):		
Balance at beginning of the year	(1,365)	(1,373)
Amounts paid out and settlement of liabilities on behalf of ultimate parent company	100,049	–
Foreign exchange difference	–	8
Balance at end of the year	98,684	(1,365)
Presented in the statement of financial position as follows:		
Other receivables (Note 12)	98,684	–
Other payables (Note 16)	–	(1,365)
Balance at end of the year	98,684	(1,365)

	Immediate parent company	
	2017	2016
	$	$
Other payables:		
Balance at beginning of the year	(3,179,034)	–
Amounts paid in and settlement of liabilities on behalf of the company	(52,066,367)	(3,179,034)
Balance at end of the year (Note 16)	(55,245,401)	(3,179,034)

3. Related party relationships and transactions (cont'd)

3D. Other receivables from and other payables to related parties (cont'd):

	Related companies	
	2017	2016
	$	$
Other receivables/(payables):		
Balance at beginning of the year	399,518	–
Amounts paid out and settlement of liabilities on behalf of related companies	11,206,781	531,830
Amounts paid out and settlement of liabilities on behalf of the company	(3,715,233)	(132,312)
Balance at end of the year	7,891,066	399,518
Presented in the statement of financial position as follows:		
Other receivables (Note 12)	11,606,299	531,830
Other payables (Note 16)	(3,715,233)	(132,312)
Balance at end of the year	7,891,066	399,518

3E. Going concern:

As at the end of the reporting year, the company's current liabilities exceeded its current assets by $61,566,647 (2016: $2,603,270). The external liabilities amounted to about $3,450,877 (2016: $876,543) as at 31 December 2017. The company's continuation as a going concern is dependent on the immediate parent company not demanding payment of the amounts payable; and the company being profitable in the future. At the date of this report, the management is satisfied that the financial support will be available when required for at least a year from the end of the reporting year.

4. Revenue

	2017	2016
	$	$
Transaction processing income	123,964,366	–
Rendering of services	3,204,246	4,155,437
	127,168,612	4,155,437

5. Interest income

	2017	2016
	$	$
Interest income	1,656	–
Interest income from assets at fair value	815,657	–
	817,313	–

6. Other gains and (other losses)

	2017 $	2016 $
Gain on disposal of plant and equipment	–	84,245
Foreign exchange adjustment gain/(losses)	1,870,395	(1,629)
Fair value of contingent consideration arising from acquisition of business operation	(4,008,300)	–
Net	(2,137,905)	82,616
Presented in profit or loss as:		
Other gains	1,870,395	84,245
Other losses	(4,008,300)	(1,629)
Net	(2,137,905)	82,616

7. Employee benefits expense

	2017 $	2016 $
Employee benefits expense	6,456,332	4,311,378
Contributions to defined contribution plan	346,433	194,431
Other benefits	583,109	519,180
Total employee benefits expense	7,385,874	5,024,989

8. Finance cost

	2017 $	2016 $
Amortisation of net working capital funding asset (Note 13)	953,383	–
Interest expense from liabilities at fair value	1,757,942	–
Interest expense	1,192,572	–
	3,903,897	–

9. Income tax

9A. Components of tax expense recognised in profit or loss includes:

	2017 $	2016 $
Deferred tax expense	338,705	–
Total income tax expense	338,705	–

9. Income tax (cont'd)

9A. Components of tax expense recognised in profit or loss includes (cont'd):

The income tax in profit or loss varied from the amount of income tax amount determined by applying the Singapore income tax rate of 17% (2016: 17%) to loss before income tax as a result of the following differences:

	2017 $	2016 $
Loss before tax	(14,186,129)	(4,541,538)
Income tax income at the above rate	(2,411,642)	(772,061)
Not deductible items	2,638,862	823,505
Tax exemptions	(820,072)	(51,222)
Deferred tax assets not recognised	592,852	–
Net deferred tax arising from amortisation of assets and liabilities from acquisition	338,705	–
Others	–	(222)
Total income tax expense	338,705	–

9B. Deferred tax expense recognised in profit or loss includes:

	2017 $	2016 $
Net deferred tax arising from amortisation of assets and liabilities from acquisition	338,705	–
Excess of book over tax depreciation on plant and equipment	32,720	–
Tax losses carryforwards	(625,572)	–
Unrecognised deferred tax assets	592,852	–
Total deferred income tax expense recognised in profit or loss	338,705	–

9C. Deferred tax balance in the statement of financial position:

	2017 $	2016 $
Deferred tax arising from other non-financial assets	5,975,332	–
Deferred tax arising from other liabilities	(9,226,495)	–
Deferred tax arising from intangible assets	8,172,893	–
Excess of book value of plant and equipment over tax values	32,720	–
Tax losses carryforwards	(625,572)	–
Unrecognised deferred tax assets	592,852	–
Net deferred tax liabilities	4,921,730	–

The above deferred tax assets for the tax losses that have not been recognised as the future profit streams are not probable against which the deductible temporary difference can be utilised. The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

10. Plant and equipment

	Plant and equipment $
Cost:	
At 1 January 2016	564,276
Additions	286,007
Disposals	(207,816)
At 31 December 2016	642,467
Additions	1,924,544
Additions due to acquisition of business operations (Note 21)	1,315,483
At 31 December 2017	3,882,494
Accumulated depreciation:	
At 1 January 2016	177,748
Depreciation for the year	208,062
Disposals	(203,068)
At 31 December 2016	182,742
Depreciation for the year	621,360
At 31 December 2017	804,102
Net book value:	
At 1 January 2016	386,528
At 31 December 2016	459,725
At 31 December 2017	3,078,392

11. Intangible assets

	2017 $	2016 $
Goodwill (Note 11A)	94,780,363	–
Other intangible assets (Note 11B)	47,697,500	–
Total	142,447,863	–

11A. Goodwill

	2017 $	2016 $
Cost:		
Balance at beginning of the year	–	–
Arising from acquisition of business operation (Note 21)	94,780,363	–
Balance at end of the year	94,780,363	–

The goodwill was tested for impairment at the end of the reporting year. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit (“CGU”) is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the value in use. The value is regarded as the lowest level for fair value measurement as the valuation includes the inputs for the assets that are not based on observable market data (unobservable input).

11. Intangible assets (cont'd)

11A. Goodwill (cont'd)

The value in use was determined by management. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. The value in use is a recurring fair value measurement (level 3).

The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed. The company prepares cash flow forecasts derived from the most recent financial budgets approved by management for the next 30 years. Management forecasted revenue growth rates of 2% per annum and discount rate of 5.5% per annum which is assumed for the budget and all other planning years that relate to the revenues.

No impairment allowance was recognised because the carrying amount of all cash-generating units was lower than their estimated recoverable amount.

11B. Other intangible assets

	Customer Relationship	Software and platform development	Total
	$	$	$
Cost:			
At 1 January 2017	–	–	–
Additions		823,555	823,555
Additions arising from acquisition of business operation (Note 21)	48,075,842	–	48,075,842
At 31 December 2017	48,075,842	823,555	48,899,397
Accumulated amortisation:			
At 1 January 2017	–	–	–
Amortisation for the year	1,201,897	–	1,201,897
At 31 December 2017	1,201,897	–	1,201,897
Carrying value:			
At 1 January 2017	–	–	–
At 31 December 2017	46,873,945	823,555	47,697,500

12. Trade and other receivables

	2017 $	2016 $
Trade receivables:		
Outside parties	4,251,494	–
Ultimate parent company (Note 3)	69,959	–
Related companies (Note 3)	9,749,863	1,886,996
Trade receivables – subtotal	14,071,316	1,886,996
Other receivables:		
Advances	72,782	–
Deposits	848,236	4,000
Outside parties	42,292	7,983
Unbilled revenue	343,369	–
Income tax recoverable	28,200	–
Ultimate parent company (Note 3)	98,684	–
Related companies (Note 3)	11,606,299	531,830
Other receivables – subtotal	13,039,862	543,813
Total trade and other receivables	27,111,178	2,430,809

13. Other non-financial assets

	$
At 1 January 2017	–
Arising from acquisition of business operation (Note 21)	34,333,355
Interest income from unwinding of discount	815,657
Amortisation during the year	(953,383)
At 31 December 2017	34,195,629

	2017 $	2016 $
Presented in the statement of financial position as follows:		
Non-current	29,918,671	–
Current	4,276,958	–
Balance at end of the year	34,195,629	–

Other non-current assets pertain to identified assets as part of purchase price allocation related to acquisition of the customer portfolios of Citibank's credit card acceptance businesses in accordance with FRS103.

The useful life of the above assets is 5 years. The carrying value approximate the fair value.

14. Cash and cash equivalents

	2017 $	2016 $
Not restricted in use	2,361,319	104,239

15. Share capital

	Number of shares issued	Share capital $
Ordinary shares of no par value:		
Balance at 1 January 2016	3,220,000	3,220,000
Issue of shares	1,557,420	1,557,420
Balance at 31 December 2016	4,777,420	4,777,420
Issue of shares	65,212,370	65,212,370
Balance at 31 December 2017	69,989,790	69,989,790

The company issued 65,212,370 (2016: 1,557,420) ordinary shares at $1 each for a cash consideration of $65,212,370 (2016: $1,557,420) during the reporting year.

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The company is not subject to any externally imposed capital requirements.

Capital management:

The objectives when managing capital are: to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The company has no external borrowings as at year end. The debt-to-adjusted ratio therefore may not provide a meaningful indicator of the risk from borrowings.

16. Trade and other payables

	2017 $	2016 $
Trade payables:		
Outside parties and accrued liabilities	3,450,866	851,932
Related companies (Note 3)	1,937,953	948,070
Immediate parent company (Note 3)	64,961	5,805
Ultimate parent company (Note 3)	5,348,842	–
Trade payables – subtotal	10,802,622	1,805,807
Other payables:		
Outside parties	11	24,611
Ultimate parent company (Note 3)	–	1,365
Related companies (Note 3)	3,715,233	132,312
Immediate parent company (Note 3)	55,245,401	3,179,034
Other payables – subtotal	58,960,645	3,337,322
Total trade and other payables	69,763,267	5,143,129

17. Other liabilities

	Other liabilities	Accrual for earn outs payment	Total 14.
	$	$	$
Carrying value:			
At 1 January 2017	–	–	–
Additions		32,339,147	32,339,147
Arising from acquisition of business operation (Note 21)	55,931,221	–	55,931,221
Interest expense from unwinding of discount	1,757,942	–	1,757,942
Amortisation charged to revenue	(3,125,230)	–	(3,125,230)
Amortisation charged to interchange, network and transition services fee	(762,817)	–	(762,817)
Amortisation charged to other income	(120,250)	–	(120,250)
At 31 December 2017	53,680,866	32,339,147	86,020,013

	2017	2016
	$	$
Presented in the statement of financial position as follows:		
Non-current	60,442,558	–
Current	25,577,455	–
Balance at end of the year	86,020,013	–

Other liabilities pertain to losses assumed as part of the purchase price allocation relating to acquisition of the customer portfolios of Citibank's credit card acceptance businesses in accordance with FRS 103.

Accrual for earn out payments is the contingent liability consideration arrangement with the vendor. The company is required to pay an additional cash consideration to the vendor in the event the future profit performance of the business operation exceeds multiple targets over the span of three years.

The above liabilities are recognised in the statement of profit or loss and other comprehensive income over 5 years. The carrying value approximates fair value.

18. Capital commitments

	2017	2016
	$	$
Commitments to purchase of plant and equipment	541,400	–

19. Operating lease payment commitments – as lessee

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases are as follows:

	2017 $	2016 $
Not later than one year	1,604,098	857,658
Later than one year and not later than five years	7,574,288	767,587
More than five years	317,858	–
Rental expense for the year	1,056,380	968,718

Operating lease payments represent rentals payable for rental of staff accommodation, office premises and office equipment.

20. Financial instruments: information on financial risks

20A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

	2017 $	2016 $
Financial assets:		
Cash and cash equivalents	2,361,319	104,239
Loans and receivables	27,111,178	2,430,809
At end of the year	29,472,497	2,535,048
Financial liabilities:		
Trade and other payables measured at amortised cost	69,763,267	5,143,129
At end of the year	69,763,267	5,143,129

Further quantitative disclosures are included throughout these financial statements.

20B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks and action to be taken in order to manage the financial risks. However, these are not formally documented in written form. The guidelines include the following:

1. Minimise interest rate, currency, credit and market risks for all kinds of transactions.
2. Maximise the use of "natural hedge": favouring as much as possible the natural off-setting of sales and costs and payables and receivables denominated in the same currency and therefore put in place hedging strategies only for the excess balance. The same strategy is pursued with regard to interest rate risk.
3. All financial risk management activities are carried out and monitored by senior management staff.
4. All financial risk management activities are carried out following acceptable market practices.

The company is exposed to currency and interest rate risks. There is no arrangement to reduce such risk exposures through derivatives and other hedging instruments.

20. Financial instruments: information on financial risks (cont'd)

20C. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables, and other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitment at the end of the reporting year. Credit risk on cash balances with banks is limited because the counter-parties are entities with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss.

The exposure to credit risk is controlled by setting limits on the exposure to individual receivables and these are disseminated to the relevant persons concerned and compliance is monitored by management. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and receivables unless otherwise disclosed in the notes to the financial statements below.

Note 14 discloses the maturity of the cash and cash equivalents.

As part of the process of setting receivable credit limits, different credit terms are used. The average credit period generally granted to trade receivable receivables is about 30 days (2016: 30 days). But some receivables take a longer period to settle the amounts.

Ageing analysis of the age of trade receivable amounts that are past due as at the end of reporting year but not impaired:

	2017	2016
	$	$
Trade receivables:		
1 to 60 days	599,214	–
Over 60 days past due	4,299,881	961,309
Total	4,899,095	961,309

As at end of the reporting year, there were no amounts that are impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity.

Concentration of trade receivables as at the end of reporting year:

	2017	2016
	$	$
Top 1 customer	5,684,018	721,705
Top 2 customers	10,430,691	1,153,421
Top 3 customers	12,302,258	1,492,764

20. Financial instruments: information on financial risks (cont'd)

20D. Foreign currency risk

Analysis of amounts denominated in non-functional currencies:

Financial liabilities:	Malaysian Ringgit $	Euro $	United States dollar $	Total $
2017				
Trade and other payables	193,993	48,084,556	15,099,400	63,377,949
2016				
Trade and other payables	–	784	188,994	189,778

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	2017 $	2016 $
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Malaysian Ringgit with all other variables held constant would have a favourable effect on pre-tax profit of	19,399	–
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against Euro with all other variables held constant would have a favourable effect on pre-tax profit of	4,808,456	78
A hypothetical 10% strengthening in the exchange rate of the functional currency $ against United States dollar with all other variables held constant would have a favourable effect on pre-tax profit of	1,509,940	18,899

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

20. Financial instruments: information on financial risks (cont'd)

20E. Liquidity risk – financial liabilities maturity analysis

The following table analyses the non-derivative financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows).

	Less than 1 year $
2017:	
Trade and other payables	69,763,267
At end of the year	69,763,267
2016:	
Trade and other payables	5,143,129
At end of the year	5,143,129

At the end of the reporting year, no claims on the financial guarantees are expected.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 34 days (2016: 155 days). The other payables are with short-term durations. In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

21. Acquisition of business operation

On 13 March 2017, the ultimate parent company and its affiliates entered into an agreement with Citibank, N.A. and its affiliates for the acquisition of the customer portfolios of Citibank's credit card acceptance businesses in certain markets, including Singapore. The acquisition of the business in Singapore was completed on 15 June 2017. The transaction was accounted for by the acquisition method of accounting.

The consideration transferred is as follows

	2017 $
Consideration transferred:	
Contingent liability recognised #a	32,339,147
Cash paid	98,573,989
Amounts recoverable from related companies	(8,914,039)
Total consideration transferred	121,999,097

21. Acquisition of business operation (cont'd)

#a This is for the contingent liability consideration arrangements with the vendor. The above liability amount recognised is the measured fair value (Level 3) of this arrangement at the acquisition date. Subsequent adjustments to the consideration are recognised against the cost of the acquisition only to the extent that they arise from new information obtained within the measurement period of not more than twelve months from the date of acquisition. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss. No adjustment is required for contingent consideration classified as equity. The fair value of the contingent liability consideration arrangement was measured by applying the income approach. The fair value measurements (Level 3) are based on an assumed discount rate range of 5.47% to 5.67% per annum and assumed probability adjusted earn-out payments of $32,339,147. An estimate is made of these factors and near-term business outlook such as industry and sector performance. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting year that are different from assumptions could require a material adjustment to the carrying amount.

	Fair value $
2017:	
Intangible asset - Customer relationship	48,075,842
Plant and equipment - terminals	1,315,483
Other non-financial assets acquired	34,333,355
Other liabilities assumed	(55,931,221)
Deferred tax liabilities	(4,583,025)
Net assets	23,210,434

The goodwill arising on acquisition is as follows:

	2017 $
Consideration transferred	121,999,097
Fair value of identifiable net assets recognised	(23,210,434)
Fair value of contingent consideration arising from acquisition of business operation	(4,008,300)
Goodwill arising on acquisition	94,780,363

22. Events after the end of the reporting year

Subsequent to the end of the reporting year, the company issued 58,177,462 ordinary shares of no par value for cash at $1 per share for a total consideration of $58,177,462.

23. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any material modification of the measurement methods or the presentation in the financial statements.

FRS No.	Title
FRS 7	Amendments to FRS 7: Disclosure Initiative

24. New or amended standards in issue but not yet effective

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

FRS No.	Title	Effective date for periods beginning on or after
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers. Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019

The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards will have on the entity's financial statements in the period of initial application.